

Central Intelligence Agency



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DIRECTORATE OF INTELLIGENCE

18 March 1985

Japan: Participation in Space Station [redacted]

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Summary

Tokyo's decision to participate in the US space station has touched off fierce competition between government ministries and among business groups for the leading role in administering the program and in constructing Japan's portions of the project. The Japanese hope to provide experimental and logistical modules that are compatible with the US space station complex as part of the international project scheduled to begin operation in 1992-93. The Ministry of International Trade and Industry, rather than the Science and Technology Agency, may gain the edge in the interministerial fight, but continued bureaucratic infighting could further complicate existing Japanese budget-related problems and delay Japanese participation. [redacted]

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Bickering Bureaucrats

Since Tokyo's initial agreement to participate in the project last summer, the Ministry of International Trade and Industry (MITI) has appeared determined to increase its influence over Japan's involvement. [redacted] MITI's priority is to take over leadership from the Science and Technology Agency (STA), thus extending its bureaucratic reach to include space development policy. MITI almost certainly

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This memorandum was prepared by [redacted] Japan Branch, Northeast Asia Division, Office of East Asian Analysis. Information available as of 18 March 1985 was used in its preparation. Comments and questions are welcome and may be directed to the Chief, Japan Branch, Northeast Asia Division, OEA [redacted]

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justifies its effort to move in on the Science Agency with the expectation that commercial activities--rather than the more research-oriented programs currently directed by the STA--will dominate Japan's future space efforts. [REDACTED]

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MITI is approaching the struggle over space policy from a determined, and evidently long-term, perspective. If the Ministry fails to gain direct control over the project within the next year or so, [REDACTED] it will urge that either a completely new space agency be established or that the National Space Development Agency (NASDA) be separated from the STA and given Cabinet status. [REDACTED]

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MITI initially challenged STA's authority over Japan's space station participation last October, when the Ministry set up a special advisory committee to investigate development of space-related industries. The committee and its two subcommittees are staffed by representatives from several of Japan's leading industrial and trading companies interested in space development. [REDACTED]

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In a countermove, STA has established its own Special Committee for the Promotion of Participation in a Space Station Program. STA hopes the committee, which is sponsored by the Federation of Economic Organizations (Keidanren) and includes many of the industrial and trading firms in the MITI group, will attract private investment to supplement the limited government funds for the space station project. [REDACTED]

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We believe MITI may have the upper hand in the bureaucratic power struggle. [REDACTED] most members of the STA committee joined reluctantly and have no intention of supporting committee activities. Most also are unwilling to channel their own research funds through the STA, and furthermore would not want to jeopardize their important relationships with MITI by being caught in the middle of an interministerial feud. Industry groups generally seem to prefer MITI leadership of the Japanese effort because the Trade Ministry offers a larger funding base than the STA and has more interest in promoting commercial applications of space-related technologies. [REDACTED]

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The Private Sector View

Industry wants to exploit the commercial opportunities offered by rapid development of space-related industries, although interministerial bickering has made businessmen somewhat reluctant to commit their funds to a government-led program. Most businessmen view participation in construction of the space station as a way to gain access to US technologies that could assist development of Japanese aerospace and related industries. Japanese businessmen believe space-based manufacturing of biological and ultrapure electronics materials could be particularly lucrative, although they recognize any paybacks from space-based manufacturing are unlikely for at least 15 years. [redacted]

25X1 Four major industrial groups, headed by each of the leading trading firms--Mitsubishi, Mitsui, Marubeni and Sumitomo--are vying for selection as prime contractor for the Japanese sections of the project. The group headed by Mitsubishi, which generally wins the major share of Japanese projects of this size, is the leading contender. Nonetheless, all four are continuing to seek cooperative agreements with US aerospace firms for manufacturing components of Japan's modules. Marubeni Trading Company recently signed an agreement with one US aerospace firm that allows it to act as an agent for transferring a variety of spacecraft construction technologies to interested Japanese firms. [redacted]

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Risk of Technology Loss

25X1 Greater US-Japanese cooperation in aerospace technologies could increase the risk of unauthorized diversions to the Soviet Bloc. We believe a MITI-led program would be more effective in controlling disclosures of sensitive and restricted US technologies. MITI already plays a key role in controlling technology leakage and has considerably more leverage with individual firms and the business community than STA. [redacted]

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Outlook

After some initial reluctance, the Ministry of Finance has allocated \$24 million for Japanese participation in Phase B (preliminary design) of the space station. NASDA claims the sum will cover only about one-fourth of the anticipated expenses if the Japanese portions are built entirely with domestic technologies. Under the budget proposal for JFY 1985, which should pass the Diet by April, Phase B funding would consist of \$12.2 million allotted directly to the program, with an additional \$7.8 million committed to related external contracts over the two-year, preliminary design period. The budget provides the remaining \$4 million by diverting funds from other NASDA programs. This has angered proponents of the H-II heavy

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launch vehicle development program.

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Japan appears committed to the concept of contributing to the construction of a permanent space station, but realization of the goal still faces many pitfalls. Bureaucratic rivalries and difficult budget decisions could seriously delay progress on the Japanese portions. If Tokyo sees its efforts falling considerably behind those of the other participants over the long term, it might consider withdrawing from the project. In our view, scaling back its participation is more likely. Even so, we believe business interest in the commercialization of space will sustain private sector participation, regardless of government sponsorship.

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